
OLR Bill Analysis

HB 6496

AN ACT ESTABLISHING THE FINANCE AND BANKING DEVELOPMENT COMMISSION AND THE CONNECTICUT FINANCE CENTER.

SUMMARY:

This bill creates the Finance and Banking Development Commission to encourage banks and financial service companies to establish business operations in or relocate to Connecticut and charter or organize under Connecticut law.

The bill also creates the Connecticut Finance Center in lower Fairfield County as a branch office of the Secretary of the State's office to encourage the formation and establishment of financial service companies and banks in the state.

The bill uses the current corporation business tax definition of financial service companies (see BACKGROUND).

EFFECTIVE DATE: July 1, 2011, for the provisions creating the Finance and Banking Development Commission; October 1, 2011, for the provisions creating the Connecticut Finance Center.

FINANCE AND BANKING DEVELOPMENT COMMISSION

Commission Membership and Procedures

The commission consists of six voting and two nonvoting members. The commissioners of the Banking and Economic and Community Development (DECD) departments are the ex-officio, nonvoting members. The bill specifies the appointing authority and required expertise for the voting members, as outlined in Table 1.

Table 1: Finance and Banking Development Commission Voting Members— Appointment and Qualifications

<i>Appointing Authority of Member</i>	<i>Member's Required Qualifications</i>
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Senate president pro tempore	Expertise in banking
Senate majority leader	Experience in commercial lending
Senate minority leader	Experience in business of investment advisers and broker-dealers
Speaker of the House	Experience in private equity or venture capital
House majority leader	Experience in hedge funds and investment management
House minority leader	Experience in marketing finance and banking companies and investment services

Appointed members serve two-year terms beginning on October 1 in the year they are appointed. The commission must elect a chairperson and vice-chairperson to serve for two years. The appointing authority must fill any member vacancies according to the required qualifications.

The commission must meet as often as the chairperson or a majority deem necessary. Anyone absent from three consecutive commission meetings, or half of the meetings in any calendar year, is deemed to have resigned, effective immediately.

Members are not compensated but are reimbursed for their necessary expenses, within the limits of available funds.

Within its existing budgetary resources, DECD must provide any staff the commission needs.

Commission Duties

The bill requires the commission to advocate for all changes to state law or policy needed to encourage banks and financial service companies to establish business operations or relocate here and charter or organize under Connecticut law. The commission must also make recommendations to the General Assembly and the governor concerning legislation, policies, programs, and services that will foster progress in achieving such results. The bill specifies that a majority of the commission's members must approve any specific advocacy before the General Assembly or state agencies or any recommendations to the General Assembly or governor.

The commission must also:

1. review and comment on proposed state legislation or recommendations that may affect banks' or financial service companies' decisions to establish business operations in or relocate to Connecticut and charter or organize under Connecticut law, and provide copies of such comments to the General Assembly;
2. advise the General Assembly and governor concerning the coordination and administration of state programs that affect progress in achieving the bill's objectives; and
3. annually, beginning by January 1, 2013, report to the General Assembly's Banks, Commerce, and Finance, Revenue and Bonding committees on the progress made in achieving the bill's objectives.

BACKGROUND

Financial Service Companies

Under the corporation business tax law, financial service companies include banks, savings and loan and bank holding companies, certain credit unions, and their subsidiaries; certain insurance company subsidiaries; and companies (other than insurers and real estate brokers) that earn at least half of their gross income from issuing loans and specified other activities related to finance or investment.

COMMITTEE ACTION

Banks Committee

Joint Favorable

Yea 15 Nay 2 (03/15/2011)